

TITLE 10. CALIFORNIA DEPARTMENT OF CORPORATIONS

REVISED NOTICE IS HEREBY GIVEN

On September 29, 2006, the Commissioner of Corporations (Commissioner) published a Notice of Proposed Changes regarding the proposed amendments of Sections 1422 and 1423 of the Commissioner's rules under the California Finance Lenders Law (CFLL) (see California Regulatory Notice Register 2006, No. 39-Z).

Pursuant to this revised notice, the Commissioner proposes to amend Sections 1409, 1422 and 1423 of the rules under the CFLL relating to the application for a finance lender or broker's license. This notice includes both the proposed amendments that were published on September 29, 2006 and the current proposed amendments.

PUBLIC COMMENTS

No public hearing is scheduled. Any interested person or his or her duly authorized representative may request, in writing, a public hearing pursuant to Section 11346.8(a) of the Government Code. The request for hearing must be received by the Department of Corporations (Department) contact person designated below no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department, addressed to Karen Fong, Office of Law and Legislation, Department of Corporations, 1515 K Street, Suite 200, Sacramento, CA 95814-4052, no later than 5:00 p.m., June 11, 2007. Written comments may also be sent to Karen Fong via electronic mail at regulations@corp.ca.gov or via fax at (916) 322-5875. If this day is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

INFORMATIVE DIGEST/PLAIN ENGLISH OVERVIEW

Under the CFLL, the Department licenses and regulates finance lenders and brokers conducting business in this state. The CFLL provides that no person shall engage in the business of a finance lender or broker without obtaining a license from the Commissioner (Financial Code Section 22100). The Department's "Application for a License Under the California Finance Lenders Law" (Application) is contained in the rules. This form is used by applicants seeking to become licensed as finance lenders or brokers. The Department's "Short Form Application" (Short Form) is also contained in the rules. The Short Form is used by applicants holding one or more CFLL licenses seeking to open a new location.

This regulatory action proposes to amend the Application and the Short Form by:

- Requiring consistent information from an applicant, regardless of the applicant's form of business;

- Clarifying and reorganizing the information being requested in the Application and Short Form;
- Limiting the information required to that which better determines the applicant's suitability for licensure; and
- Complying with changes regarding the processing of fingerprints as a result of Senate Bill 970 (Chapter 470, Statutes of 2003), Assembly Bill 502 (Chapter 425, Statutes of 2005) and Assembly Bill 1419 (Chapter 196, Statutes of 2005).

Section 1409

The proposed changes to this section clarify the requirements and the time frame for filing amendments to the Application.

Section 1422

The proposed changes to this section:

- Require all types of applicants to provide uniform identifying information;
- Require the applicant to provide fingerprint information to the Department and pay for the costs of processing the fingerprints;
- Delete application processing time frames;
- Require the applicant to provide information on criminal actions and specified civil actions;
- Require applicants applying as general partnerships to provide specified ownership information;
- Change the consent to service of process provisions;
- Clarify the Statement of Identity and Questionnaire (SIQ) procedures;
- Require individuals completing the SIQ to provide a copy of the judicial order or other specified document, to provide information on regulatory violations, and to disclose specified current licenses; and
- Make various nonsubstantive changes to grammar, editing, and punctuation.

Section 1423

The proposed changes to this section clarify the instructions and requirements of the Short Form.

AUTHORITY

Section 22150, Financial Code.

REFERENCE

Sections 22101, 22102 and 22106, Financial Code.

AVAILABILITY OF MODIFIED TEXT

The text of any modified regulation, unless the modification is only non-substantial or grammatical in nature, will be made available to the public at least 15 days prior to the date that the Department adopts the regulation(s). A request for a copy of any modified regulation(s) should be addressed to the contact person designated below. The Commissioner will accept written comments on the modified regulation(s) for 15 days after the date on which they are made available. The

Commissioner may thereafter adopt, amend or repeal the foregoing proposal substantially as set forth above without further notice.

AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS/INTERNET ACCESS

The express terms of the proposed action may be obtained upon request from any office of the Department. Request Document PRO 21/05-Final Text. The revised initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available from the contact person designated below. Request Document PRO 21/05-C Revised. These documents are also available at the Department's website www.corp.ca.gov. As required by the Administrative Procedure Act, the Office of Law and Legislation maintains the rulemaking file. The rulemaking file is available for public inspection at the Department of Corporations, Office of Law and Legislation, 1515 K Street, Suite 200, Sacramento, California 95814-4052.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, the Final Statement of Reasons will be available. Copies of the Final Statement of Reasons may be requested from the contact person named in this notice or may be accessed on the website listed above.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Department must determine that no reasonable alternative that it has considered or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

FISCAL IMPACT

- Cost or savings to any state agency: None.
- Cost or savings in federal funding to the state: None.
- Cost to local agencies and school districts required to be reimbursed under Part 7 of Division 4 of the Government Code (commencing with Section 17500): None
- Other nondiscretionary cost or savings imposed on local agencies: None
- Cost to private persons or businesses directly affected: Insignificant or none.

DETERMINATIONS

The Commissioner has made an initial determination that the proposed regulatory action:

- Does not affect small businesses. A finance lender is not considered a small business under Government Code Section 11342(h)(2).
- Does not impose a state mandate on local agencies or school districts, or a state mandate that is required to be reimbursed pursuant to Part 7 of Division 4 of the Government Code (commencing with Section 17500).
- Does not have an effect on housing costs.

- Does not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.
- Does not significantly affect (1) the creation or elimination of jobs within the State of California, (2) the creation of new businesses or the elimination of existing businesses within the State of California, or (3) the expansion of businesses currently doing business within the State of California.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS

The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

EFFECT ON SMALL BUSINESS

None.

CONTACT PERSON

Nonsubstantive inquiries concerning this action, such as requests for copies of the proposed regulation or questions regarding the timelines or rulemaking status, may be directed to Karen Fong at (916) 322-3553. Inquiries regarding the substance of the proposed regulation may be directed to Peggy Fairman, Corporations Counsel, Department of Corporations, 1515 K Street, Suite 200, Sacramento, California 95814, (916) 322-3553.

Dated: April 5, 2007
Sacramento, California

TIMOTHY L. Le BAS
Deputy Commissioner and General Counsel
Office of Law and Legislation